

Tab B Return on Investment Program Funding Application for FY 2013

Contact Information:

Funding to be requested (select only one):

☐ IT Enterprise Solution project

☒ Agency Specific IT project

Date: August 31, 2011

Agency Name: Human Services

Project Name: Online OPR Payments

Agency Manager: Jonathan Neiderbach

Agency Manager Phone Number / E-Mail:
(515) 725-2047 jneider@dhs.state.ia.us

Executive Sponsor (Agency Director or Designee): Tom Huisman

Amount of Funding Requested: \$51,150

Section I: Project Description:

Describe the project and how the project will to be accomplished. Explain technology that will be used and how this works within your agency's technology architecture and adheres to enterprise wide standards. **Describe the investments to be made in infrastructure and services.** Explain how the project will fit into your agency and state strategic plan, IT strategic and tactical plan, Governor's leadership agenda, and if appropriate, how the project relates to enterprise wide or multiple agencies' initiatives *(Please limit explanation to 500 words- You may supplement with any tables or data that will assist in understanding project)*

DHS assistance programs (Food Assistance, FIP, Child Care Assistance, and Medical Assistance) occasionally disburse too much in benefits, either due to DHS or client error. Federal and state laws require DHS to recover these excess benefits. Currently debtors can pay using checks sent via the USPS or delivered in person at DHS Central Office. This project will use DAS/ITE ePayments infrastructure to allow online payments.

Online payments are expected to increase state collections. Businesses and government agencies have found that accepting online payments increase sales/collections. The hawk-i program, which has implemented online payment of premiums, reports they "are fantastic...easy, convenient, and fast for the customer, they can pay close to the payment deadline...usage is growing every month...and they are so much easier when it comes to reconciliation."

Citizens today prefer and expect access to services and resources quickly and easily, and Governor Branstad has encouraged state agencies to use technology to deliver services in a cost-effective manner. Online payments certainly follow this policy.

DHS has previously implemented a very well-received online application for assistance programs (OASIS). Online payment of overpayment debts are one more spoke in the wheel that allows citizens to interact with state agencies as rapidly and as conveniently as possible.

Section II: Expected Results

Describe the benefits to be achieved including impact on citizens, other agencies and department staffs. Include estimates where possible of the number of users and how these users will participate in project development and benefit from its availability.

Describe how project assists agency in meeting any mandates, compliance with technology standards or health, safety or security requirements

Describe how processes within your agency will be affected by the completion of the project. What changes will occur in organization structure, systems, or processes.

(Please limit explanation to 500 words. You may supplement with any tables or data that will assist in understanding the benefits)

The primary expected benefit from this project is increased collections: adding additional ways to pay, especially easy and fast online payments, reduces barriers to payment. Online payments eliminate the risk of having checks lost or delayed in the mail, and reduces the time between payment and when the funds are credited to the appropriate State account.

Note that although a portion of collections must be transferred to the federal government to reimburse them for their substantial sharing of the initial costs, additional collections do improve the General Fund balance.

The project is also expected to improve citizen satisfaction. As noted above programs that have implemented online payments have found increased customer satisfaction and other benefits.

Section III: Financial Analysis

1. Complete table one as outlined in enclosure one to indicate the estimated costs for acquisition/development and ongoing costs for up to five years where applicable. Indicate approximate share of project that will be funded from various funding sources table two to enclosure one.

See Table 1

2. Estimated cost reductions to agency from project. Quantify actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process after project implementation.

Describe all cost reductions and how those reductions will be achieved including personnel reductions or deferred hiring, table three of enclosure one.

Benefit from this Project will primarily be from increased collections of established debt, not from cost reductions. Costs involve developer time to integrate the DAS/ITE software with the OPR system, as well as software and transaction fees charged by DAS/ITE. Ongoing costs after the implementation will be minimal in comparison with the projected additional revenue that will be received via online payments.

3. Other Benefits. Explain other cost reductions or intangible benefits to customers as defined in section II, these expenses may be of a personal or business nature. Discuss Risks of not proceeding with project including loss of other funds, avoidance of penalties or consequences of not complying with enterprise technology standards.

(Please limit explanation to 500 words. You may supplement with any tables or data that will assist in understanding the benefits of project)

Project will provide increased convenience to our customers, allowing use of regular credit cards to pay a debt owed to the state.

4. Calculate estimated Return On Investment (ROI), table four enclosure one:

The estimated cost of integrating the IDAS ePayment software with the Overpayment Recovery System is \$50,000 for one-time developer costs and \$1,150 for one-time license fees.

Section IV: Auditable Outcome Measures

(Note that Section IV is not used in the scoring of the project)

For each of the following categories, list the auditable metrics for success after implementation and identify how they will be measured.

1. Improved customer service: *Scores on a customer satisfaction survey distributed to debtors who use and those who do not use online payments*
2. Citizen impact: *Scores on a customer satisfaction survey distributed to debtors who use and those who do not use online payments*
3. Cost Savings: *Changes in payment rates (claims on which a payment is received), overall dollars collected*
4. Project reengineering:
5. Source of funds (Budget %): *100% of initial project cost paid by ROI funding, with ongoing costs paid by General Fund/Federal Fund blend*
6. Tangible/Intangible benefits: *Scores on a customer satisfaction survey distributed to debtors who use and those who do not use online payments*

Enclosure One – Financial Analysis

Enclosure One, Financial Analysis Spreadsheet to Return on Investment (ROI) Program Funding Application					
Agency Name: Department of Human Services					
Application Name: Online Payments for Overpayment Recoveries					
Table One: Estimated Project Cost					
	FY13	FY14	FY15	FY16	FY17
Development and Implementation Costs	\$51,150	\$0	\$0	\$0	\$0
Recurring Costs	\$6,075	\$8,100	\$8,100	\$8,100	\$8,100
Total Costs	\$57,225	\$8,100	\$8,100	\$8,100	\$8,100
Table Two: Percentage of Costs From					
General Fund	\$3,038	\$4,050	\$4,050	\$4,050	\$4,050
Federal or other funding	\$28,613	\$4,050	\$4,050	\$4,050	\$4,050
Pooled Technology Fund	\$51,150	\$0	\$0	\$0	\$0
Table Three: Projected Reduction in Expense					
For Requesting Agency	\$0	\$0	\$0	\$0	\$0
For Other State Agencies	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
TOTAL Cost Reductions	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Table Four: Calculated Estimated Return on Investment					
Total projected cost from table one	\$57,225	\$8,100	\$8,100	\$8,100	\$8,100
Total projected cost reductions from table three	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Projected Net Benefit to the State of Iowa	-\$7,225	\$41,900	\$41,900	\$41,900	\$41,900
Note that per transaction fee could be charged to debtors, as many local governments and state agencies do. DHS has not passed on fees (example: tax offset) to debtors.					